

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE OKLAHOMA ECONOMY

The importance of small business to the state of Oklahoma is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Oklahoma had 71,627 businesses with employees; 97.6 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 122,000 self-employed persons in 1996, for an estimated total of 193,627 businesses.

Small Business Income - The income of sole proprietors and partners rose 3.0 percent to \$5.5 billion in 1996, while wage-and-salary income rose 6.2 percent. Total personal income rose 5.7 percent to \$39.1 billion. The state also exported \$2.5 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were nearly 106,900 women-owned businesses in Oklahoma, including part-time firms, employing 194,500 people and generating \$23.4 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 54.3 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 33.5 percent from 1987 to 1992, totaling 4,621 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 88.3 percent during the same time period with 2,854 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 3,751 in 1987, to 5,627 in 1992, representing a 50.0 percent increase.

Business Turnover - The number of new firms increased 2.4 percent, while new business incorporations increased 4.0 percent in 1996. Financial difficulties leading to business bankruptcies increased by 46.7 percent and business failures increased by 18.9 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Oklahoma decreased from 356 in 1994 to 340 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
BANK OF WESTERN OK	Elk City
BANK OF CUSHING & TC	Cushing
FIRST B&TC	Wagoner
AMERICAN ST BK	Broken Bow
MCCURTAIN CTY NB	Idabel
FIRST NB OF ROLAND	Roland
FIRST BK OF HENNESSEY	Hennessey
DURANT B&TC	Durant
BANK SOUTHERN OK NA	Madill
FIRST UNITED BK&TC	Holdenville
FIRST NB&TC OF ADA	Ada
STILLWATER NB&TC	Stillwater
BANCFIRST	Oklahoma City

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 63.5 percent of the small business growth with 57,405 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	34,876	22,529	20,221	12,761	(5,365)	85,023
Manufacturing	1,000	2,435	2,878	3,414	(12,709)	(2,984)
Retail Trade	7,352	1,427	4,670	4,707	2,058	20,214
Services	20,134	14,142	13,507	8,077	(20,876)	34,984
Other	6,389	4,526	(832)	(3,436)	26,163	32,809

Industries - The composition of small business in Oklahoma is very diverse. The Health Services industry is the largest small business employer in Oklahoma, followed by Eating & Drinking Places. The fastest growing industry for small business is Building Construction (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Oklahoma by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	1,024,901	100.0	58.6
Health Services	8000	125,772	12.3	53.4
Eating & Drinking Places	5800	86,817	8.5	63.4
Business Services	7300	55,122	5.4	53.0
Wholesale Trade - Durable Goods	5000	37,367	3.6	75.7
Food Stores	5400	36,420	3.6	52.6

Table 2, Top Five Small Business Industries in Oklahoma by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	600,227	100.0	58.6
Health Services	8000	67,143	12.3	53.4
Eating & Drinking Places	5800	55,025	8.5	63.4
Membership Organizations	8600	29,487	2.9	98.5
Business Services	7300	29,241	5.4	53.0
Wholesale Trade - Durable Goods	5000	28,296	3.6	75.7

Table 3, Fastest Growing Industries for Small Business in Oklahoma, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	585,647	600,227	14,580	2.5
Building Construction	7,638	8,866	1,228	16.1
Communications	3,513	4,033	520	14.8
Industrial & Commercial Machinery & Computer Equipment	10,399	11,683	1,284	12.3
Educational Services	6,202	6,801	599	9.7
Special Trade Contractors	24,883	27,137	2,254	9.1

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.